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DIVISION OF POLICY ANALYSIS &
INTERGOVERNMENTAL LIAISON
CHARLES H. HILL
DIRECTOR
(850) 413-6800

Public Service Commission

October 25, 1999

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VIA ELECTRONIC COMMENT FILING SYSTEM

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth, SW - TW-A325
Washington, DC 20554

Re: CC Docket No. 99117 / ASD File No. 99-22

Dear Ms. Salas:

Enclosed please find the original and five (5) copies of the Florida Public Service Commission Reply Comments in the above-noted docket. Please date stamp and return one copy in the enclosed self-addressed envelope.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia B. Miller".

Cynthia B. Miller
Intergovernmental Counsel

CBM:tf

cc: Brad Ramsay
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON DC 20554

In the Matters Of:

Ameritech Corporation Telephone)
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Property Records Audit)

Bell Atlantic (North) Telephone)
Companies' Continuing Property)
Records Audit)

Bell Atlantic (South) Telephone)
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BellSouth Telecommunications')
Continuing Property Records)
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Pacific Bell and Nevada Bell)
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Southwestern Bell Telephone)
Company's Continuing Property)
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cc Docket No. 99-117

ASD File No. 99-22

COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION

The Florida Public Service Commission (FPSC) appreciates the opportunity to submit reply comments to the Federal Communications Commission (FCC) regarding its Notice of Inquiry (NOI) which addresses the Continuing Property Records (CPR) audits of certain Regional Bell Operating Companies in CC Docket No. 99-117 in ASD 99-22. The FPSC, in its initial comments filed June 3, 1999, stated that the BellSouth (BST) proposal to engage an independent

audit firm to conduct a statistically valid sample-based inventory and reconciliation of its entire Central Office Equipment (COE) represents a satisfactory proposal to achieve the goal of correct and reliable CPRs. BST proposed to conduct this additional audit in accord with its current COE inventory cycle schedule of one-eighth of the hard-wired equipment each year. The FPSC also stated that it would need to perform an audit to determine the impact to Florida ratepayers of any overstatement of intrastate rate base or intrastate expenses.

The FPSC staff has examined BST policies, procedures, field compliance controls, report mechanisms, and reconciliation processes for their impact on Florida operations. During this examination, our staff has noted that BST has been slow responding to FPSC Audit Document requests concerning the inventories previously conducted.

The FPSC staff's investigation into BST's claim that it performs an Inventory and Reconciliation Process on one-eighth of the hard-wired equipment each year began with an Audit Document request for an Executive Summary which describes the results of each BST hard-wired equipment inventory review performed for each central office in Florida. This request was issued on July 9, 1999 with an original due date of July 14, 1999. On July 15, 1999, BST asked that the due date be pushed back to July 23, 1999 for the general inventory summary results. However, as of September 29, 1999, the dollar impact of BST hard-wired equipment inventory asset retirements for all of the Florida central offices still had not been provided. During the time period between July 23, 1999 and September 29, 1999, BST responded to other document requests from

staff and continued to ask for extensions on the original request. What we have received is discussed below.

On July 15, 1999, BST asked that the FPSC Audit Document request for detailed data (such as descriptions involving the numbers of missing items) be held in abeyance until a representative selection of complete inventory report structures could be provided. On September 10, 1999, BST provided the first complete set of inventory report structures for inventory retirement at one central office (Micanopy, Florida). On September 27, 1999, BST provided financial reports to support the inventory data claims (asset retirements) at Micanopy, Florida.

The delays in response time described above suggest a need for further investigation. Our staff's review to date has raised some "red flags" to the auditors; however, our audit is not complete and conclusions have not been drawn.

BST indicated it would support an independent review of its CPRs and COE inventory. The FPSC requested additional information and BST responded that it has not moved forward in this area pending completion of the FCC Notice of Inquiry.

In summary, in our initial comments filed June 3, 1999, the FPSC stated that BST's proposal to conduct an independent audit in accord with its current COE inventory cycle schedule of one-eighth of the hard-wired equipment each year represented a satisfactory proposal to achieve the goal of correct and reliable CPRs. Because of delayed responses to Audit Document requests, the FPSC staff's review of BST's inventory policies and procedures in Florida indicates a need for further investigation. Currently, BST has not engaged an independent firm to perform a statistically valid sample based inventory and reconciliation of its entire COE, instead

Florida Public Service Commission Comments
cc Docket No. 99-117

opting to wait at least until the Notice of Inquiry process has run its course. The FPSC examination of BST's inventory policies and procedures is ongoing and therefore the observations reported are preliminary in nature.

Respectfully submitted,



CYNTHIA B. MILLER
Intergovernmental Counsel

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
(850) 413-6082

Dated: October 25, 1999